

that era, in Southeast Asia or elsewhere in the world, in defense of United States national security interests; and

(3) encourages the American people, through appropriate ceremonies and activities, to recognize the service and sacrifice of those individuals.

SENATE RESOLUTION 285—EXPRESSING THE SENSE OF THE SENATE THAT THERE SHOULD BE PARITY AMONG THE COUNTRIES THAT ARE PARTIES TO THE NORTH AMERICAN FREE TRADE AGREEMENT WITH RESPECT TO THE PERSONAL EXEMPTION ALLOWANCE FOR MERCHANDISE PURCHASED ABROAD BY RETURNING RESIDENTS, AND FOR OTHER PURPOSES

Ms. COLLINS (for herself, Mr. MOYNIHAN, Mr. GREGG, Mr. KYL, Mr. LEAHY, and Mrs. HUTCHISON) submitted the following resolution; which was referred to the Committee on Finance:

S. RES. 285

Whereas the personal exemption allowance is a vital component of trade and tourism;

Whereas many border communities and retailers depend on customers from both sides of the border;

Whereas a United States citizen traveling to Canada or Mexico for less than 24 hours is exempt from paying duties on the equivalent of \$200 worth of merchandise on return to the United States, and for trips over 48 hours United States citizens have an exemption of up to \$400 worth of merchandise;

Whereas a Canadian traveling in the United States is allowed a duty-free personal exemption allowance of only \$50 worth of merchandise for a 24-hour visit, the equivalent of \$200 worth of merchandise for a 48-hour visit, and the equivalent of \$750 worth of merchandise for a visit of over 7 days;

Whereas Mexico has a 2-tiered personal exemption allowance for its returning residents, set at the equivalent of \$50 worth of merchandise for residents returning by car and the equivalent of \$300 worth of merchandise for residents returning by plane;

Whereas Canadian and Mexican retail businesses have an unfair competitive advantage over many American businesses because of the disparity between the personal exemption allowances among the 3 countries;

Whereas the State of Maine legislature passed a resolution urging action on this matter;

Whereas the disparity in personal exemption allowances creates a trade barrier by making it difficult for Canadians and Mexicans to shop in American-owned stores without facing high additional costs;

Whereas the United States entered into the North American Free Trade Agreement with Canada and Mexico with the intent of phasing out tariff barriers among the 3 countries; and

Whereas it violates the spirit of the North American Free Trade Agreement for Canada and Mexico to maintain restrictive personal exemption allowance policies that are not reciprocal: Now, therefore, be it

Resolved, That it is the sense of the Senate that—

(1) the United States Trade Representative and the Secretary of the Treasury, in consultation with the Secretary of Commerce, should initiate discussions with officials of

the Governments of Canada and Mexico to achieve parity with respect to the personal exemption allowance structure; and

(2) in the event that parity with respect to the personal exemption allowance of the 3 countries is not reached within 1 year after the date of the adoption of this resolution, the United States Trade Representative and the Secretary of the Treasury should submit recommendations to Congress on whether legislative changes are necessary to lower the United States personal exemption allowance to conform to the allowance levels established in the other countries that are parties to the North American Free Trade Agreement.

Ms. COLLINS. Mr. President, I thank the Senator from Texas and salute the work she has done on behalf of retail businesses in border communities in Texas on the very issue I am about to discuss.

Mr. President, I rise today to submit a resolution seeking parity among the countries that are parties to the North American Free-Trade Agreement with respect to the personal exemption allowance for merchandise purchased by returning residents. I am pleased to be joined today by Senators MOYNIHAN, KYL, GREGG, HUTCHISON, and LEAHY as original cosponsors.

NAFTA was intended to remove trade barriers among the countries of the United States, Canada, and Mexico. While some of the goals of NAFTA have been realized, glaring inequities remain. One such inequity that affects small businesses, particularly retailers, located in border communities is the difference in personal exemption allowances permitted by the U.S. versus the allowances permitted by Canada and Mexico.

For Maine citizens living near the U.S./Canadian border, moving freely and frequently between the two countries is a way of life. Cross-border business and family relationships abound. The difference in personal exemption allowances, however, puts Maine businesses near the Canadian border at a considerable disadvantage in relation to their Canadian counterparts. Let me explain why. A United States citizen traveling to Canada for fewer than 24 hours is exempt from paying duties on \$200 worth of merchandise. For trips over 48 hours, the exemption increases to \$400 worth of merchandise. Under our laws, Canadian stores are able to serve both Canadian and American customers and, because of the exemption level, can sell Americans a significant amount of merchandise duty-free.

Unfortunately, this situation only works one way. A Canadian citizen is allowed a duty-free personal exemption allowance of only \$50 for a 24-hour visit and \$200 for a 48-hour visit. This means that a Canadian shopping for the day in the border communities of Fort Kent, Madawaska, or Calais or indeed anywhere in Maine can bring home only \$50 worth of merchandise before a duty is imposed. This is a significant deterrent to Canadians who would otherwise shop in Maine communities.

This disparity harms many Maine businesses, including Central Building Supplies, a small, family-owned home building materials business that has been in the same location in Madawaska, Maine for 35 years. Its owner wrote to me concerned about this issue. Over the past couple years, his small store has lost sales in kitchen cabinets, windows, wood flooring, and ceramic tile largely due to the inequity in duty allowances and the exchange rate. Whether they are located in the St. John Valley or in Washington County, small businesses cite similar problems. The allowance disparity also hurts stores in the Aroostook Centre Mall and the Bangor Mall, which have traditionally attracted Canadian shoppers.

This discrepancy in personal exemption allowances gives an enormous competitive advantage to the Canadian and Mexican retailers. It gives these retailers to our north and the south access to cross-border shoppers while limiting that same opportunity for American retailers. Mr. President, this is not fair trade, and this is not free trade. This parity should be eliminated.

The resolution I am submitting today would express the sense of the Senate that the United States Trade Representative and the Secretary of the Treasury should initiate discussions with officials of the Governments of Canada and Mexico to achieve parity with respect to the personal exemption allowance structure. In the event that parity in the personal exemption is not reached within one year after the date of the adoption of this resolution, this resolution would require the United States Trade Representative and the Secretary of the Treasury to submit recommendations to Congress on whether legislative changes are necessary to achieve personal exemption parity. The steps set forth in this resolution would begin to resolve this inequity. I urge my colleagues to support its swift passage.

I thank the Senator from Texas for not only yielding but for cosponsoring this resolution.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. I commend my colleague from Maine for submitting this resolution. It is very similar to a resolution I submitted 2 years ago. Unfortunately, the U.S. Trade Representative has not taken this cause as a serious cause. I hope with bipartisan support on Senator COLLINS' resolution the U.S. Trade Representative will see this is an issue on the northern border and on the southern border. It is a very serious issue that severely disadvantages retailers in the United States and also is a handicap for the consumers in both Canada and Mexico that want to purchase big items such as television sets, refrigerators, washing machines,

and dryers available on the borders that they are not able to purchase without huge tariffs.

We passed the North American Free Trade Agreement to do away with tariffs so we would have free and open trade across our borders. It is not working when it comes to retailing in that cross border area where people walk back and forth. Parity is achieved if you fly in and out of our three countries, but not if you go across by car.

It is a terrible inequity. I hope Senator COLLINS' resolution gets the attention of our U.S. Trade Representative about the seriousness of this issue. I commend her for the resolution.

AMENDMENTS SUBMITTED

LEGISLATION INSTITUTING A FEDERAL FUELS TAX HOLIDAY

COLLINS AMENDMENTS NOS. 3088— 3089

(Ordered to lie on the table.)

Ms. COLLINS submitted two amendments intended to be proposed by her to the bill (S. 2285) instituting a Federal fuels tax holiday; as follows:

AMENDMENT NO. 3088

In lieu of the matter proposed to be inserted, insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Fuels Tax Holiday Act of 2000".

SEC. 2. TEMPORARY REDUCTION IN FUEL TAXES ON GASOLINE, DIESEL FUEL, KER- OSENE, AVIATION FUEL, AND SPE- CIAL FUELS, BY 4.3 CENTS.

(a) TEMPORARY REDUCTION IN FUEL TAXES.—During the applicable period, each rate of tax referred to in subsection (b) shall be reduced by 4.3 cents per gallon.

(b) RATES OF TAX.—The rates of tax referred to in this subsection are the rates of tax otherwise applicable under—

(1) paragraphs (1), (2), and (3) of section 401(a) of the Internal Revenue Code of 1986 (relating to special fuels),

(2) subsection (m) of section 401 of such Code (relating to certain alcohol fuels),

(3) subparagraph (C) of section 4042(b)(1) of such Code (relating to tax on fuel used in commercial transportation on inland waterways),

(4) clauses (i), (ii), and (iii) of section 4081(a)(2)(A) of such Code (relating to gasoline, diesel fuel, and kerosene),

(5) paragraph (1) of section 4091(b) of such Code (relating to aviation fuel), and

(6) paragraph (2) of section 4092(b) of such Code (relating to fuel used in commercial aviation).

(c) SPECIAL REDUCTION RULES.—

(1) IN GENERAL.—Subsection (a) shall be applied by substituting for "4.3 cents"—

(A) "3.2 cents" in the case of fuel described in section 4041(a)(2)(B)(ii) of such Code (relating to liquefied petroleum),

(B) "2.8 cents" in the case of fuel described in section 4041(a)(2)(B)(iii) of such Code (relating to liquefied natural gas),

(C) "48.54 cents" in the case of fuel described in section 4041(a)(3)(A) of such Code (relating to compressed natural gas), and

(D) "2.15 cents" in the case of fuel described in section 4041(m)(1)(A)(ii)(I) of such Code (relating to certain alcohol fuel).

(2) CONFORMING RULES.—In the case of a reduction under subsection (a)—

(A) section 4081(c) of such Code shall be applied without regard to paragraph (6) thereof,

(B) section 4091(c) of such Code shall be applied without regard to paragraph (4) thereof,

(C) section 4042(f)(2) of such Code shall be applied by disregarding "and, in the case" and all that follows,

(D) section 4042(f)(3) of such Code shall be applied without regard to subparagraph (B) thereof,

(E) section 4042(1)(3) of such Code shall be applied without regard to subparagraph (B) thereof, and

(F) section 4042(1)(4) of such Code shall be applied without regard to subparagraph (B) thereof.

(d) MAINTENANCE OF TRUST FUNDS DEPOSITS.—On April 16, 2000, the Secretary of the Treasury shall determine the amount any Federal trust fund would have received in gross receipts during the applicable period had this section not been enacted. Such amount shall be appropriated and transferred from the general fund to the applicable trust fund in the manner in which such gross receipts would have been transferred by the Secretary of the Treasury and such amount shall be treated as taxes received in the Treasury under the applicable section of the Internal Revenue Code of 1986 described in subsection (b).

(e) APPLICABLE PERIOD.—For purposes of this section, the term "applicable period" means the period beginning after April 15, 2000, and ending before January 1, 2001.

SEC. 3. FLOOR STOCKS CREDIT.

(a) IN GENERAL.—If—

(1) before a tax reduction date, a tax referred to in section 2(b) has been imposed on any liquid, and

(2) on such date such liquid is held by a dealer and has not been used and is intended for sale,

there shall be credited (without interest) to the person who paid such tax (hereafter in this section referred to as the "taxpayer") against the taxpayer's subsequent semi-monthly deposit of such tax an amount equal to the excess of the tax paid by the taxpayer over the amount of such tax which would be imposed on such liquid had the taxable event occurred on the tax reduction date.

(b) CERTIFICATION NECESSARY TO FILE CLAIM FOR CREDIT.—

(1) IN GENERAL.—In any case where liquid is held by a dealer (other than the taxpayer) on the tax reduction date, no credit amount with respect to such liquid shall be allowed to the taxpayer under subsection (a) unless the taxpayer files with the Secretary—

(A) a certification that the taxpayer has given a credit to such dealer with respect to such liquid against the dealer's first purchase of liquid from the taxpayer subsequent to the tax reduction date, and

(B) a certification by such dealer that such dealer has given a credit to a succeeding dealer (if any) with respect to such liquid against the succeeding dealer's first purchase of liquid from such dealer subsequent to the tax reduction date.

(2) REASONABLENESS OF CLAIMS CERTIFIED.—Any certification made under paragraph (1) shall include an additional certification that the claim for credit was reasonable based on the taxpayer's or dealer's past business relationship with the succeeding dealer.

(c) DEFINITIONS.—For purposes of this section—

(1) the terms "dealer" and "held by a dealer" have the respective meanings given to

such terms by section 6412 of the Internal Revenue Code of 1986; except that the term "dealer" includes a position holder, and

(2) the term "tax reduction date" means April 16, 2000.

(d) CERTAIN RULES TO APPLY.—Rules similar to the rules of subsections (b) and (c) of section 6412 of such Code shall apply for purposes of this section.

SEC. 4. FLOOR STOCKS TAX.

(a) IMPOSITION OF TAX.—In the case of any liquid on which a tax referred to in section 2(b) would have been imposed during the applicable period but for the enactment of this Act, and which is held on the floor stocks tax date by any person, there is hereby imposed a floor stocks tax in an amount equal to the excess of—

(1) the tax referred to in section 2(b) which would be imposed on such liquid had the taxable event occurred on the floor stocks tax date, over

(2) the amount of such tax previously paid (if any) with respect to such liquid.

(b) LIABILITY FOR TAX AND METHOD OF PAYMENT.—

(1) LIABILITY FOR TAX.—A person holding a liquid on the floor stocks tax date to which the tax imposed by subsection (a) applies shall be liable for such tax.

(2) METHOD OF PAYMENT.—The tax imposed by subsection (a) shall be paid in such manner as the Secretary shall prescribe.

(3) TIME FOR PAYMENT.—The tax imposed by subsection (a) shall be paid on or before the date which is 45 days after the floor stocks tax date.

(c) DEFINITIONS.—For purposes of this section—

(1) HELD BY A PERSON.—A liquid shall be considered as "held by a person" if title thereto has passed to such person (whether or not delivery to the person has been made).

(2) FLOOR STOCKS TAX DATE.—The term "floor stocks tax date" means January 1, 2001.

(3) APPLICABLE PERIOD.—The term "applicable period" means the period beginning after April 15, 2000, and ending before January 1, 2001.

(4) SECRETARY.—The term "Secretary" means the Secretary of the Treasury or the Secretary's delegate.

(d) EXCEPTION FOR EXEMPT USES.—The tax imposed by subsection (a) shall not apply to any liquid held by any person exclusively for any use to the extent a credit or refund of the tax referred to in section 2(b) is allowable for such use.

(e) EXCEPTION FOR FUEL HELD IN VEHICLE TANK.—No tax shall be imposed by subsection (a) on any liquid held in the tank of a motor vehicle, motorboat, vessel, or aircraft.

(f) EXCEPTION FOR CERTAIN AMOUNTS OF FUEL.—

(1) IN GENERAL.—No tax shall be imposed by subsection (a) on any liquid held on the floor stocks tax date by any person if the aggregate amount of such liquid held by such person on such date does not exceed 2,000 gallons. The preceding sentence shall apply only if such person submits to the Secretary (at the time and in the manner required by the Secretary) such information as the Secretary shall require for purposes of this paragraph.

(2) EXEMPT FUEL.—For purposes of paragraph (1), there shall not be taken into account any liquid held by any person which is exempt from the tax imposed by subsection (a) by reason of subsection (d) or (e).

(3) CONTROLLED GROUPS.—For purposes of this subsection—